

**LEGISLATIVE SERVICES AGENCY  
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

301 State House  
(317) 232-9855

**FISCAL IMPACT STATEMENT**

**LS 7209**

**BILL NUMBER:** HB 1689

**NOTE PREPARED:** Apr 1, 2003

**BILL AMENDED:** Mar 31, 2003

**SUBJECT:** Child Care Violations.

**FIRST AUTHOR:** Rep. Weinzapfel

**FIRST SPONSOR:** Sen. C. Lawson

**BILL STATUS:** 2<sup>nd</sup> Reading - 2<sup>nd</sup> House

**FUNDS AFFECTED:** X

**GENERAL  
DEDICATED  
FEDERAL**

**IMPACT:** State

**Summary of Legislation:** (Amended) This bill provides for emergency closure of a child care home or child care center for certain violations. The bill requires national criminal history background checks for child care license applicants. The bill requires the Division of Family and Children to provide an Internet site through which the public may obtain information concerning licensed child care providers. It also requires the Division of Family and Children to publish notice and provide written notice to the parent or guardian of a child enrolled at a child care center or child care home of certain actions. The bill requires certain postings by a child care center or child care home.

**Effective Date:** July 1, 2003.

**Explanation of State Expenditures:** (Revised) This bill requires the Division of Family and Children to provide information regarding certain actions. In addition, the Division shall promulgate rules to establish a list of violations that would pose an immediate threat to the life or well being of children in the care of a licensed child care center or licensed child care home. The Division is required to post violation information for licensed child care centers, and licensed child care homes on an Internet site. The Division is also required to notify parents of children enrolled in licensed child care facilities if the license of the facility is suspended. Total cost estimate: \$38,000.

*Rule Promulgation:* The Division should be able to promulgate rules to establish a list of violations that would pose an immediate threat to the life or well being of a child in the care of a licensed facility at no additional cost.

*Notification Requirement:* The Division is required to issue notice to the parents of children enrolled in licensed facilities under certain situations.

If an employee or agent of the Division determines that a violation of rules has occurred, the Division may issue a probationary license to a licensee if the noncompliance does not present an immediate threat to the

health and well-being of children. The Division shall provide notice to parents of children enrolled in the facility that a probationary license has been issued and the reason for the issuance of the probationary license.

If an employee or agent of the Division determines that a violation of rules that would pose an immediate threat to the life or well-being of children at the facility, the Division shall issue an emergency or another temporary order requiring the licensee to cease the operation of the facility. The Division shall notify the parent or guardian of each child enrolled in the child care center or home that the facility has been ordered to cease operation, and the reason for the order.

The Division currently is required to issue notice to the parents or guardians of parents enrolled in a licensed child care facility if the facility license is revoked or suspended. However, FSSA staff state that these notices are not issued immediately until the appeal process is complete due to Due Process concerns.

Assuming that the Division does issue notices to parents or guardians as directed in this bill, the cost to the Division is estimated to be approximately \$38,000. This cost estimate is based upon best available data from the Division regarding the number of violations per center and home and the associated number of children involved. For purposes of this analysis it is assumed that notices are sent out to parents of all children, regardless of whether multiple children from the same household attend the same facility. Thus, the total costs may be lower if multiple notifications are consolidated to one notification per household.

Facility Type	Facilities Cited	Citation Count	Facility Capacity	Estimated Violations/Year	Est. Notices to Parents/Year	Estimated Cost
C.C. Home	1,119	2,888*	12,693	5,776	25,386	\$19,040
C.C. Center	786	30,939*	71,908	10,608	24,654	\$18,491
					<b>Total</b>	<b>\$37,530</b>

Notes: \*Citation count for Child Care Homes represents six months of data, costs and notices to parents have been annualized; Citation count for Child Care Centers represents 35 months of data, costs and notices to parents have been annualized. Source - FSSA 11/18/2002

*Internet Posting of Information:* The Division is required to post specific information on licensed child care centers and child care homes on an Internet site. The FSSA currently maintains the CareFinder Indiana Internet site. This site allows the user to search for information for licensed and registered child care facilities. Information for each inspection is posted to this website and includes the following information: Inspection Information - Inspection Type, Pass Inspection, Survey Score, Date, Correction Required, Associated Regulation, Action Needed, Date Resolved; Complaint Information; and Enforcement Information. It is not clear as to whether complaint and enforcement information is currently posted online, however, each provider page has a complaint and enforcement section. This Internet site appears to meet the provisions required by this legislation. Any changes to the Internet site should be minor and negligible in cost.

Child Care Type	Number of Entities
Licensed Center	670
Licensed Home	3,819
Legally Exempt Home	4,065
Registered Ministry	574
<b>Total</b>	<b>9,128</b>

Data as of October, 2002

*Background Check Requirement:* This bill requires that applicants for both a child care center license and a child care home license obtain a national criminal history background check. This provision changes the requirement from a limited criminal history background check to a national criminal history background check. Expenses related to conducting the background check will be offset by the corresponding fee charged for a national check, rather than a limited check (see *Explanation of State Revenues*).

*Background:* There are currently 3,819 licensed child care homes in the state. The actual number of child care homes in the state cannot be determined due to the unregulated nature of a majority of these homes. The agency maintains data on the number of legally licensed exempt providers (LLEP) operating child care homes that accept Child Care Development Fund (CCDF) vouchers. The current number of LLEPs (as of October, 2002) that accept CCDF vouchers is 4,065. During 2002 there have been a total of 9,807 LLEPs that received CCDF vouchers for payment. There are a total of 574 registered child care ministries.

IC 12-17.2-4-27 states that after a license is revoked or suspended, the Division shall notify in writing each person responsible for the children in care to ensure that those children are removed. In CY 2001 the Division sent 65 enforcement letters to child care centers and child care homes for revocation or denial of a license. This would have required notifying parents of approximately 1,000 children. The Division estimates that these notifications would have cost between \$700 and \$800, or between \$0.70 and \$0.80 per child. This cost estimate was used in calculating the notification costs specified in this bill. FSSA staff state that these notices are not issued until any appeals are complete due to Due Process concerns.

**Explanation of State Revenues:** (Revised) This bill requires that applicants for both a child care center license and a child care home license obtain national criminal history checks. The current cost of limited state criminal history check is \$7, or \$10 for a full state criminal history check through the Indiana State Police. The current cost of a national criminal history check is \$34 (\$24 of this fee is paid to the federal government), or \$28 for a volunteer of a center through the Indiana State Police. Although total revenue collected will increase, the state portion of the revenue will remain the same.

**Explanation of Local Expenditures:**

**Explanation of Local Revenues:**

**State Agencies Affected:** FSSA; State Police.

**Local Agencies Affected:**

**Information Sources:** Susan Kilty, Deputy Legislative Director, Family and Social Services Administration, 317-232-4451; Les Miller, Special Counsel, Indiana State Police, 317-232-8317

**Fiscal Analyst:** Michael Molnar, 317-232-9559